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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
MITSUBISHI INTERNATIONAL : 08 CV 00194 (JSR) (GWG)
CORPORATION, :
Plaintiff, : REPLY AFFIDAVIT
: -against- : ECF Case
INTERSTATE CHEMICAL CORPORATION, :
Defendant. -----X

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

ZACK FERGUSON-STEGER, being duly sworn, deposes and says:

1. I am the marketing manager of Mitsubishi International Corporation ("MIC"). I have personal knowledge of the facts set forth in this reply affidavit, which I make in further support of plaintiff's motion for summary judgment.

Delivery Date of Methanol

2. Interstate's allegations that there was some sort of confusion over the delivery date of the barge of methanol are disingenuous. When MIC agreed to sell the methanol to Interstate, we knew we had a vessel with methanol due to arrive about mid-December 2007.

3. Because of potential delays of vessels, MIC always builds a few days of leeway into its delivery dates to make sure it can commit to its sales obligations, and hence only agreed to sell as long as Interstate could accept the shipment. We accordingly told Interstate we could deliver on or after December 20.

4. At the time of the sale to Interstate, the barge of methanol was part of MIC's floating inventory -- that is, it was on our balance of inventory, and we planned to deliver it to Interstate as per our agreement. As shown in MIC's inventory records for December 2007, the relevant portions of which are annexed hereto as Exhibit 3, MIC had sufficient methanol in its inventory to delivery to Interstate on December 20.

5. MIC's methanol sales commitments rely upon availability of methanol from Venezuela or other sources. It is not practicable for MIC to keep methanol on inventory indefinitely once it receives a shipment from a supplier; instead, MIC arranges to sell the methanol based on what its suppliers have committed to provide to MIC.

6. As a result, and as happened with Interstate, MIC does not commit to one specific delivery date, because that date depends in part upon a variety of external factors, such as dock availability, arrival of the buyer's barge, and the weather.

Rather, as it did here, MIC committed to a delivery date of December 20 "or later."

7. According to industry practice in the bulk chemical sales industry, contract shipment timing is agreed to on a case-by-case basis. The most common shipment period is the calendar month. However, if the seller has restrictions on part of the month, it can specify restricted periods. In this case, the period started on December 20, 2007, as MIC would not guarantee product availability at an earlier date.

8. Once the delivery period is set, the buyer needs to give the seller five working days' notice for the exact shipment day, according to industry practice.

9. If Interstate required an exception to this standard, it could have said so at the time the parties negotiated the agreement.

10. MIC would not have committed to one definitive sales date when it agreed with Interstate because, if it then turned out that MIC could not deliver until a day or two later, it faced exposure for damages to Interstate if MIC could not deliver on a specified date.

11. I do not recall the phone call Ms. Cirillo alleges we had on December 13, 2007, and MIC has no record of such a call. In any event, as shown in Exhibit 3, MIC had sufficient methanol

in its inventory to deliver to Interstate on the agreed-upon delivery date.

12. Ms. Cirillo did not, in any event, make any objections to the contract at any time based on the delivery date.

US Coast Guard Issue

13. Interstate's assertion that its purchase of methanol from MIC was conditioned upon Interstate's customer's ability to take delivery of the barge in Owensboro, Kentucky is incorrect.

14. At no time before December 18, 2007 did Ms. Cirillo, or anyone from Interstate, mention to me that there might be a problem with its customer taking delivery of the barge, or that Interstate's agreement with MIC was contingent upon a third party's ability to take delivery of the barge.

15. MIC has no interest in what Interstate does with the purchased materials or to whom Interstate resells. MIC's contracts are only with its direct customers and are not contingent on the actions of third parties.

16. Had Interstate's ability to receive the barge been in doubt, MIC would not have agreed to sell to Interstate. Instead, MIC would have sold the barge to another customer at the same price.

Spot Price of Methanol

17. The Jim Jordan & Associates, LLP Global Methanol Report submitted by Interstate (Puntureri Aff., Ex.) is not a definitive statement of the price of methanol on the spot market in December 2007.

18. As shown by the DeWitt Methanol Newsletter covering the same time period, attached hereto as Exhibit 4, the price of methanol did indeed go down to \$2.05 per gallon at the end of December 2007.

19. In late December 2007, the methanol market was very thin, and prices were falling. MIC sold the barge Interstate refused to accept on December 21, the last open day before year-end holidays, when most of the market participants were already closed. Liquidity was therefore limited.

20. Prices continued falling throughout early 2008. Had MIC delayed further in selling the barge Interstate refused to purchase, it would have incurred further damages.

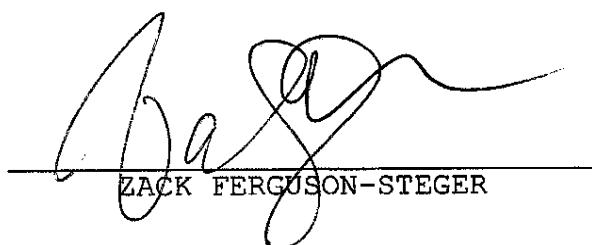
Sale of Barge to Tauber Petrochemical Company

21. Interstate's insinuation that MIC sold the methanol for less than it could have received on the spot market is incorrect. Nor is there any sort of special business relationship between Tauber Petrochemical Company ("Tauber") and MIC. Tauber and MIC are, in fact, competitors.

22. Once it became clear that Interstate was not going to perform the purchase contract, MIC, in the face of falling methanol prices, had to arrange a sale of the barge of methanol as quickly as possible. The most efficient way to do this, and the way MIC makes many sales, was through an independent broker, who, as is customary, received a commission for arranging the sale. This broker connected MIC as a seller with Tauber as a buyer, for the highest price possible at the time.

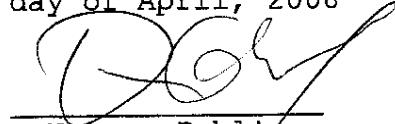
23. MIC wanted to, and did, sell for the highest price it could get at the time, faced with falling markets, when it became apparent, after Interstate failed to reply to MIC's ultimatum, that Interstate would not fulfill its obligation. Had MIC waited longer to sell, it would have lost even more money on the sale.

24. For these reasons, and those in MIC's original moving papers, MIC's motion for summary judgment should be granted.



ZACK FERGUSON-STEGER

Sworn to this 18
day of April, 2008



Notary Public

DIANE G. KNOX
Notary Public, State of New York
No. 02KNG000525
Qualified in New York County
Commission Expires April 12, 2010

Exhibit 3

Run Date - 4/17/08		Time - 15:19:14		C.O - NO International - Materx--New Orleans		Page - 1	
Location - St. Rose, Louisiana				CUMULATIVE INVENTORY LISTING FOR 12/07 THROUGH 12/07		Run by - RJH Report - IN480 From - BB	
VEHICLES							
INV. DATE	P. O. NO.	RECEIPTS	TRANSFERS IN	DELIVERIES	TRANSFERS OUT	PENDING BAL. BOOK BASED	BOOK BALANCE
2007	TANK 116	PRODUCT - 742 METHANOL		CUSTOMER - 02638 MITSUBISHI	BEG. BAL.	2,066,591	INV. UNIT GL BILL. UNIT GL CUST. NO. 02638 PROD. CODE 742 TANK CAP. 4,788,000
12/01	TR TO 119 02639						
292	80832 B			867,305			07/12
12/01	1 TANK TRUCK						
293	51369 B			3,983			07/12
12/03	NATX-300386						
294	51365 B			28,400			07/12
12/03	SHPX-205247						
295	51365 B			28,441			07/12
12/03	1 TANK TRUCK						
296	51377 B			6,462			07/12
12/04	NATX-300380						
297	51372 B			28,542			07/12
12/04	TILX-197966						
298	51372 B			28,846			07/12
12/04	2 T/T'S						
299	51384 B			14,006			07/12
12/05	NATX-375773						
300	51374 B			28,348			07/12
12/05	UTLX-200131						
301	51374 B			28,516			07/12

Run Date - 4/17/08		Time - 15:19:14		Co - NO International Materx--New Orleans		Page - 3	
Location - St. Rose, Louisiana				CUMULATIVE INVENTORY LISTING FOR 12/07 THROUGH 12/07		Run by - TJS; Report - IN480	
INV.		VEHICLES		DELIVERIES		BOOK BALANCE	
INV. DATE	P.O. NO.	RECEIPTS	TRANSFERS IN	TRANSFERS OUT	PENDING BAL.	BOOK BASED	BOOK BALANCE
2007	TANK 116	PRODUCT - 742 METHANOL		CUSTOMER - 02638 MITSUBISHI	*	* CONTINUED *	
12/11	1 TANK TRUCK						
313	51416 B		6,865				2,127,053
12/12	TR TO 106	02639					07/12
314	51411 B			429,236			1,697,817
12/13	SHPX-205211						07/12
315	51419 B		28,562				1,669,255
12/13	TILK-197955						07/12
316	51919 B			28,895			1,640,360
12/13	2 T/T'S						07/12
317	51431 B		13,872				1,626,488
12/14	1 TANK TRUCK						07/12
318	51440 B		1,995				1,624,493
12/17	2 T/T'S						07/12
319	51446 B		10,959				1,613,534
12/18	NATX-300362						07/12
320	51439 B		28,387				1,585,147
12/18	UTLK-201197						07/12
321	51439 B		28,423				1,556,724
12/18	1 TANK TRUCK						07/12
322	51456 B		6,485				1,550,239
12/19	NN-1026			D:2007-12-201:			07/12
323	51420 B			422,616			1,127,623

Run Date - 4/17/08 Time - 15 19:14 Co - NO International Materx-New Orleans Cumulative Inventory Listing for 12/07 THROUGH 12/07 Page - 4 Run by - TJH Report - IN480 From - BB

VEHICLES		TRANSFERS IN		DELIVERIES		TRANSFERS OUT		PENDING BAL.		BOOK BALANCE	
INV. DATE	P.O. NO.	RECEIPTS	TRANSFERS IN	DELIVERIES	TRANSFERS OUT	BOOK BASED	BOOK BALANCE	PENDING BAL.	BOOK BASED	BOOK BALANCE	BOOK BALANCE
2007		TANK 116	PRODUCT - 742 METHANOL			CUSTOMER - 02639 MITSUBISHI					
12/19	2 T/T'S					*	*	*	*	*	
324	51461 B					1,116,694					07/12
12/19	TILK-192007					10,929					
325	51449 B					28,883					
12/19	TILX-197957					28,					07/12
326	51449 B					035					
12/20	UTLX-20623B					29,					07/12
327	51453 B					622					
12/20	UTLX-209535					28,					07/12
328	51453 B					712					
12/21	3 T/T'S					17,936					
329	51474 B					17,					
12/21	TILK-197956					936					
330	51458 B					29,100					
12/21	UTLX-203276					954,406					07/12
331	51458 B					28,711					
12/26	ACFX-76573					925,695					07/12
332	51470 B					28,591					
12/26	SHPX-205203					897,104					07/12
333	51470 B					28,689					
12/26	1 TANK TRUCK					968,415					07/12
334	51486 B					861,939					
						6,476					

Run Date -	4/17/08	Time -	15:19:14	Co - NO International Matex--New Orleans	Page -	5	Run by - T.JH	Report - IN430
Location -	St. Rose, Louisiana			CUMULATIVE INVENTORY LISTING FOR 12/07 THROUGH 12/07				From - B8
VEHICLES								
INV. DATE	P.O. NO.	RECEIPTS	TRANSFERS IN	DELIVERIES	TRANSFERS OUT	PENDING BAL.	BOOK BASED	BOOK BALANCE
2007	TANK 116	PRODUCT - 742 METHANOL				CUSTOMER - 02638 MITSUBISHI		
12/27	UTLX-201088					* * CONTINUED * *		
335	51481 B							
12/27	TILX-190019							
336	51481 B							
12/27	1 TANK TRUCK							
337	51494 B							
12/28	3 T/T'S							
338	51503 B							
12/29	UTLX-201921							
339	51497 B							
12/29	UTLX-203016							
340	51497 B							
12/29	JOSE BRIGHT	SRC-46				C:\GREENFOREST\		
341	51477 B	756,200						
12/30	1 TANK TRUCK							
342	51504 B							
12/31	ADJUSTMENT BY GAUGE							
343	B							
2008								
	TOTALS	2,085,953		0	1,189,489	1,296,541		

Exhibit 4

METHANOLS & DERIVATIVES

Issue 489 – DeWitt Methanol Newsletter – December 21, 2007

US Methanol	December***			Nov		Nov
	USD/Ton	USD/Gal	Tre	USD/Ton	USD/Gal	Average
Barge Pricing						
* Contract Barge (GC), Net Non-Disc.	832 – 931	2.50 – 2.80	↑	665 – 682	2.00 – 2.05	2.025
** Contract Transaction	Pending	Pending	↑	664 – 680	1.996 – 2.046	2.0225
***Spot Barges week Dec 17-21 (GC)	682 – 741	2.05 – 2.23	↓	805 – 981	2.42 – 2.95	2.758
Truck/Rail Pricing		Dec	Dec	Nov	Nov	Nov
Distribution Prices: List Prices, Non-Disc.	USD/MT	USD/GAL		USD/MT	USD/GAL	USD/GAL
Truck/Railcar USGC	1014 – 1064	3.05 – 3.20	↑	775 – 788	2.33 – 2.37	2.35
Truck/Railcar USEC	1014 – 1064	3.05 – 3.20	↑	788 – 798	2.37 – 2.40	2.385
Truck/Railcar Chicago	1097 – 1330	3.30 – 4.00	↑	831 – 848	2.50 – 2.55	2.525
Southern Chemical, Net/Net price USGC	1014	3.05	↑	748	2.25	2.25
	USEC	1014	3.05	↑	748	2.25
Ashland Methanol, Bench Mark	USGC	NA	NA	↑	738	2.22
	Chicago	NA	NA	↑	788	2.37
						2.37

***Contract Barge, Net Non Disc.** Includes List Prices and Contract Barge Non Discounted Ref. Price

******The contract transaction prices listed herein are DeWitt's view for large buyers (25mm gal/yr) FOB GC based on extensive industry surveys. Some contracts may contain discounts not reflected in these prices. Spot prices on this page are for current month business conducted FOB Houston, volumes of 10,000 BBL or greater. *******Average prices are the weighted average for the month specified

Western Europe Methanol	December	3Q		
	Euro/Ton	USD/Ton	Trend	Average
Methanol 4Q 2007Contract FOB R'dam	380	544	↑	Euro 218
Methanol Spot - FOB R'dam T2	460 / 480	676 / 706	↓	Euro 233.42
1 US Dollar = 0.6982 Euro				

Asia Pacific Methanol

Asia Pacific Methanol	December	November	
21 Dec 07	USD/Ton	Trend	USD/Ton
Korea – CFR, frame contract*	Pending	Pending	Pending
Taiwan – CFR, term/spot (nominal)	560-580	down	540-600
China – CFR, spot (nominal)	370-380	down	410-460
SEA – CFR, spot (nominal)	570-580	down	540-600
WC India – CFR, spot (nominal)	560-570	down	540-600
Methanex Dec 2007 APCP: USD 720/mt			
May Korea frame: USD 280 CFR			

Natural Gas Prices (\$/MM BTU)	Feb	Jan	Dec	Nov
Houston Ship Channel – “Inside FERC” Index	N/A	N/A	6.87	6.92
Henry Hub – Inside FERC Index	N/A	N/A	7.21	7.27
NYMEX Henry Hub Futures (contract expired at)	N/A	N/A	7.203	7.27
NYMEX Henry Hub Futures contract 12-21	7.237	7.137	N/A	N/A
Henry Hub (cash price) 12-21	N/A	N/A	7.17	N/A
Current Dollar Equivalents 12-21 Euro: 0.6982	GBP: 0.5043	Yen: 113.11	CND: 1.0011	

METHANOL & DERIVATIVES**Issue 490— DeWitt Methanol Newsletter – January 4, 2008**

US Methanol	January***			Dec		Dec
	USD/Ton	USD/Gal	Trend	USD/Ton	USD/Gal	Average
Barge Pricing						
* Contract Barge (GC), Net Non-Disc.	832 – 848	2.50 – 2.55	↓	832–931	2.50 – 2.80	2.65
** Contract Transaction	Pending	Pending	↓	829–929	2.495–2.795	2.6394
***Spot Barges week Dec 31-Jan 4 (GC)	682	2.05	↓	682–865	2.05 – 2.60	2.433
Truck/Rail Pricing						
Distribution Prices: List Prices, Non-Disc.	USD/MT	USD/GAL		USD/MT	USD/GAL	USD/GAL
Truck/Railcar USGC	944 – 964	2.84 – 2.90	↓	1014–1064	3.05 – 3.20	3.13
Truck/Railcar USEC	944 – 964	2.84 – 2.90	↓	1014–1064	3.05 – 3.20	3.13
Truck/Railcar Chicago	1011 – 1044	3.04 – 3.14	↓	1097–1330	3.30 – 4.00	3.65
Southern Chemical, Net/Net price USGC	898	2.70	↓	1014	3.05	3.05
USEC	898	2.70	↓	1014	3.05	3.05
Ashland Methanol, Bench Mark	USGC	NA	NA	NA	NA	NA
Chicago	NA	NA	↓	NA	NA	NA

*Contract Barge, Net Non Disc. Includes List Prices and Contract Barge Non Discounted Ref. Price.

The contract transaction prices listed herein are DeWitt's view for large buyers (25mm gal/yr) FOB GC based on extensive industry surveys. Some contracts may contain discounts not reflected in these prices. Spot prices on this page are for current month business conducted FOB Houston, volumes of 10,000 BBL or greater. *Average prices are the weighted average for the month specified

Western Europe Methanol	January			4Q
	Euro/Ton	USD/Ton	Trend	Average
Methanol 1Q 2008 Contract FOB R'dam	490	724	↓	Euro 380
Methanol Spot - FOB R'dam T2	430 / 470	635 / 694	↓	Euro 492
1 US Dollar = 0.6768 Euro				

Asia Pacific Methanol	January			December
	USD/Ton	Trend	USD/Ton	
4 Jan 2008				
Korea – CFR, frame contract*	Pending	Pending	Pending	
Taiwan – CFR, term/spot (nominal)	520-540	down	550-600	
China – CFR, spot (nominal)	340-350	down	350-440	
SEA – CFR, spot (nominal)	535-545	down	550-600	
WC India – CFR, spot (nominal)	500-520	down	550-600	
Methanex Jan 2008 APCP: USD 720/mt				
May Korea frame: USD 280 CFR				

Natural Gas Prices (\$/MM BTU)	Mar	Feb	Jan	Dec
Houston Ship Channel – "Inside FERC" Index	N/A	N/A	6.73	6.87
Henry Hub – Inside FERC Index	N/A	N/A	7.13	7.21
NYMEX Henry Hub Futures (contract expired at)	N/A	N/A	7.172	7.203
NYMEX Henry Hub Futures contract 1-4	7.698	7.674	N/A	N/A
Henry Hub (cash price) 1-4	N/A	N/A	7.82	N/A
Current Dollar Equivalents 1-4	Euro: 0.6768	GBP: 0.5065	Yen: 108.251	CND: 1.0022